

VILLAGE OF CENTREVILLE
ST. JOSEPH COUNTY, MICHIGAN

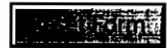
AUDIT REPORT

YEAR ENDED MARCH 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields



Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* VILLAGE OF CENTREVILLE	County* ST. JOSEPH	Type* VILLAGE	MuniCode* 75-3-020
Opinion Date-Use Calendar* Aug 1, 2008	Audit Submitted-Use Calendar* Dec 16, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input checked="" type="checkbox"/> \$ 480,221.00
General Fund Expenditure:	<input checked="" type="checkbox"/> \$ 478,629.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input checked="" type="checkbox"/> \$ 138,228.00
Governmental Activities Long-Term Debt (see instructions):	<input checked="" type="checkbox"/> \$ 2,730,000.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* RICKY	Last Name* STRAWSER	Ten Digit License Number* 1101016951		
CPA Street Address* 123 NORTH MAIN ST	City* THREE RIVERS	State* MI	Zip Code* 49093	Telephone* +1 (269) 273-8641
CPA Firm Name* NORMAN & PAULSEN PC	Unit's Street Address* 212 W MAIN	Unit's City* CENTREVILLE	Unit's Zip* 49032	

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INDEPENDENT AUDITOR'S REPORT

Norman & Paulsen, P.C.

Certified Public Accountants

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**Members of the Village Council
Village of Centreville, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the component unit, and each major fund of the Village of Centreville, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

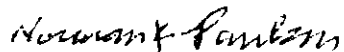
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the component unit, and each major fund, of the Village of Centreville, Michigan as of March 31, 2008, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Donald L. Paulsen, CPA
Patrick J. Monahan, CPA
Bruce S. A. Gosling, CPA
Michael R. Wilson, CPA
Rick L. Strawser, CPA
Jerrel T. Norman (1941-1982)

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2008, on our consideration of the Village of Centreville, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information beginning on pages iii through x and pages 23 through 25 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Norman & Paulsen, P.C.

Three Rivers, Michigan
August 1, 2008

**VILLAGE OF CENTREVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

As management of the Village of Centreville, we offer readers of the Village of Centreville's financial statements this narrative overview and analysis of the financial activities of the Village of Centreville for the fiscal year ended March 31, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished. This discussion contains comparative analysis when prior year information is available.

Financial Highlights

- The assets of the Village of Centreville exceeded its liabilities at March 31, 2008 by \$4,159,261. Of this amount unrestricted net assets of \$984,853 may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$42,428. Of this amount, (\$9,361) was associated with governmental and \$51,789 with business type activities.
- As of the close of the current fiscal year, the Village of Centreville's governmental funds reported combined ending fund balances of \$1,758,045. Of this amount \$729,701 is unreserved and available for spending.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$75,076, or 15.69% of total general fund expenditures.
- The Village of Centreville's total debt obligations is \$2,730,000. This is a decrease of \$114,000 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Centreville's basic financial statements. The Village of Centreville's basic financial statements are comprised of 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The government-wide financial statements are designed to provide readers with a broad overview of the Village of Centreville's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**VILLAGE OF CENTREVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of Centreville include general government, public safety, parks and recreation, community services, community development and other charges. The major business-type activities of the Village include the water and sewer systems.

The government-wide financial statements include not only the Village of Centreville itself (known as the primary government), but also a legally separate Centreville Downtown Development Authority, a component unit of the Village. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Centreville can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The Village maintains three individual governmental funds: General, Major Street, and Local Street. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Individual fund data for each of these governmental funds is provided.

The Village of Centreville adopts a one year budget for its general fund. Budgetary comparison statements have been provided for the general, major street, and local street funds to demonstrate compliance with the fiscal year end March 31, 2008 budget.

Proprietary Funds The Village of Centreville maintains two different types of proprietary funds: enterprise funds and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village maintains two individual enterprise funds: Sewer Fund and Water Fund. Information is presented separately in the proprietary statement of net assets and the proprietary statement of revenues, expenses and changes in fund net assets for the Sewer and Water funds, which are considered major funds. Internal service funds are used to accumulate and allocate costs internally among the Village's various functions. The Village of Centreville uses an internal service fund to account for its fleet maintenance.

**VILLAGE OF CENTREVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplementary information. Within this section are budget comparisons for all major governmental funds.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At March 31, 2008, the Village's assets exceeded liabilities by \$4,159,261. Capital assets are used to provide services to citizens. It should be noted that the resources needed to repay the remaining debt of capital assets must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following is a comparative statement of changes in net assets.

Village of Centreville's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 812,514	\$ 822,457	\$ 966,290	\$ 907,583	\$1,778,804	\$1,730,040
Capital assets	<u>1,028,344</u>	<u>1,007,129</u>	<u>4,198,848</u>	<u>4,329,362</u>	<u>5,227,192</u>	<u>5,336,491</u>
Total assets	<u>\$1,840,858</u>	<u>\$1,829,586</u>	<u>\$5,165,138</u>	<u>\$5,236,945</u>	<u>\$7,005,996</u>	<u>\$7,066,531</u>
Liabilities						
Long-term liabilities outstanding	\$ -	\$ -	\$2,730,000	\$2,844,000	\$2,730,000	\$2,844,000
Other liabilities	<u>51,977</u>	<u>62,180</u>	<u>33,922</u>	<u>43,518</u>	<u>85,899</u>	<u>105,698</u>
Total Liabilities	<u>\$ 51,977</u>	<u>\$ 62,180</u>	<u>\$2,763,922</u>	<u>\$2,887,518</u>	<u>\$2,815,899</u>	<u>\$2,949,698</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	\$1,028,344	\$1,007,129	\$1,468,848	\$1,485,362	\$2,497,192	\$2,492,491
Restricted	-	-	677,216	640,088	677,216	640,088
Unrestricted	<u>729,701</u>	<u>760,277</u>	<u>255,152</u>	<u>223,977</u>	<u>984,853</u>	<u>984,254</u>
Total Net Assets	<u>\$1,758,045</u>	<u>\$1,767,406</u>	<u>\$2,401,216</u>	<u>\$2,349,427</u>	<u>\$4,159,261</u>	<u>\$4,116,833</u>

**VILLAGE OF CENTREVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

Village of Centreville's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 69,584	\$ 74,616	\$474,313	\$ 461,695	\$ 543,897	\$ 536,311
Operating grants and Contributions	4,234	4,018	-	-	4,234	4,018
General revenues:						
Property taxes	247,566	266,494	-	-	247,566	266,494
State revenue sharing	257,602	259,651	-	-	257,602	259,651
Licenses and permits	11,671	20,813	-	-	11,671	20,813
Grants, unrestricted	7,176	8,628	-	-	7,176	8,628
Interest	26,610	26,407	30,960	24,889	57,570	51,296
Other	<u>8,059</u>	<u>6,996</u>	<u>1,255</u>	<u>-</u>	<u>9,314</u>	<u>6,996</u>
Total Revenues	632,502	667,623	506,528	486,584	1,139,030	1,154,207
Expenses:						
General government	193,072	246,114	-	-	193,072	246,114
Public safety	305,551	318,840	-	-	305,551	318,840
Public works	123,649	61,465	-	-	123,649	61,465
Health and welfare	16,799	15,943	-	-	16,799	15,943
Sewer and water	-	-	454,739	447,999	454,739	447,999
Depreciation - unallocated	<u>2,792</u>	<u>2,792</u>	<u>-</u>	<u>-</u>	<u>2,792</u>	<u>2,792</u>
Total Expenses	<u>641,863</u>	<u>645,154</u>	<u>454,739</u>	<u>447,999</u>	<u>1,096,602</u>	<u>1,093,153</u>
Increase in net assets	(9,361)	22,469	51,789	38,585	42,428	61,054
Net Assets - Beginning of Year	<u>1,767,406</u>	<u>1,744,937</u>	<u>2,349,427</u>	<u>2,310,842</u>	<u>4,116,833</u>	<u>4,055,779</u>
Net Assets - End of Year	<u>\$1,758,045</u>	<u>\$1,767,406</u>	<u>\$2,401,216</u>	<u>\$2,349,427</u>	<u>\$4,159,261</u>	<u>\$4,116,833</u>

**VILLAGE OF CENTREVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

Governmental Activities Governmental activities decreased the Village's net assets by \$9,361 accounting for a 22.06 percent reduction of the total growth in the net assets. Key elements of this decrease are as follows:

- Over several years the Village received property taxes on a Village parcel purchased through a tax sale during FYE 03-31-2006. This year's tax revenue was reduced by the amount of taxes due back to the County.
- Economic labor conditions caused a significant decrease in income that the property owners' chose not to spend on improvements requiring Village permits & other related fees.

Business-type Activities Business-type activities increased the Village's net assets by \$51,789, accounting for 122.06 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Water rates were increased and collected to reserve funds to cover future water tower maintenance costs when the time comes (every 5 – 7 years).
- Due to weather related clean up activities, the Village employees actual work time was spent in the governmental activities which lowered wages, payroll expenses & benefits, fuel, and equipment use costs within the enterprise funds.

Financial Analysis of the Government's Funds

As noted earlier, the Village of Centreville uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Government Funds The purpose of the Village's governmental fund financial statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the Village's chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$75,076 while the total fund balance totaled \$138,228. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15.69 percent of total general fund expenditures, while total fund balance represents 28.88 percent of that same amount.

Proprietary funds The Village's proprietary funds provide the same type of information found in the government-wide financial statements in the business activities columns, but in more detail.

Unrestricted net assets of the Sewer and Water funds at the end of the year were \$91,015 and \$169,142, respectively. The total growth was \$39,238 and \$11,681, respectively, for those same funds. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

**VILLAGE OF CENTREVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

General Fund Budgetary Highlights

The final general fund budget projected a deficit of \$25,854 or \$4,928 less than the original budget. Actual revenues were \$51,590 less than the amended revenue budget, whereas expenditures were \$79,036 less than the amended budget. The \$27,446 difference is briefly summarized below:

- ◆ (\$30,836) tax revenue received in prior fiscal years on parcel #75-042-055-230-00 to be paid back to the County.
- ◆ \$10,708 the net between unrealized public service revenue and unrealized costs.
- ◆ \$29,291 wages and payroll related expenses not paid from general fund due to various storms that required actual time spent in other fund areas.
- ◆ \$18,283 other costs budgeted for but not realized were from:
 - 1) equipment charges to the internal service fund
 - 2) fuel costs
 - 3) utility costs

Capital Asset and Debt Administration

Capital Assets The Village's investment in capital assets for its governmental and business type activities for the fiscal year ended March 31, 2008 amounts to \$119,893. This investment in capital assets includes sewer and water system equipment.

Major capital asset events during the current fiscal year included the following:

- ◆ \$84,342 – resurfacing streets
- ◆ \$12,603 – new JD mower purchased
- ◆ \$18,028 – portable generator purchased
- ◆ \$ 4,920 – new roof on DPW building located at 134 N Dean St.

Long-term debt At the end of the current fiscal year, the Village had \$2,730,000 in outstanding debt consisting of revenue bonds. All of the debt was secured by specific revenue sources.

Village of Centreville's Outstanding Debt

	Governmental.....		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenue bonds	\$ -	\$ -	\$2,730,000	\$2,844,000	\$2,730,000	\$2,844,000

**VILLAGE OF CENTREVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2008**

Economic Factors and Next Year's Budgets and Rates

The Village of Centreville Council has shown fiscal responsibility in its planning for budget and spending practices. As in prior years, the March 31, 2008 fiscal year end was full of uncertain revenue as well as expenses. Monthly reports are submitted to the Village council. These reports provide "actual" information related to the projections. Budgets for the March 31, 2009 fiscal year end were developed based upon the following assumptions.

- State of Michigan. The State's Statutory and Constitutional revenue sharing remains a major source of general fund revenue. The Council has remained very conservative and projected only a 1.32% budget increase.
- Investment income. The investment income was projected similar to the March 31, 2008 fiscal year revenue. Interest rates have taken a sharp decline since the budget was approved. Revenue from this source will be carefully watched.
- Local Street County millage revenue. The millage rate may be affected with a roll back. As in the past, all revenue from this source will be restricted to local street improvement projects.
- Enterprise fund rates. The rates are anticipated to remain the same as prior year. A slight increase in revenue should still be realized from the water tower maintenance fees. This will be the first fiscal year that twelve (12) months of water tower maintenance fees will be collected.

Requests for Information

This financial report is designed to provide a general overview of the Village of Centreville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Village of Centreville, 212 W Main Street, PO Box 399, Centreville, MI 49032.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
MARCH 31, 2008**

	Primary Government			Component Units
	Governmental Activities	Business -Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 235,748	\$ 221,788	\$ 457,536	\$ 131,270
Certificates of deposit	468,621	-	468,621	100,000
Receivables (net)	44,315	67,454	111,769	154
Internal balances	678	(168)	510	(510)
Prepaid expenses	10,171	-	10,171	-
Restricted cash/certificates of deposit	52,981	677,216	730,197	-
Capital assets - net	1,028,344	4,198,848	5,227,192	116,752
Total Assets	\$ 1,840,858	\$ 5,165,138	\$ 7,005,996	\$ 347,666
LIABILITIES				
Accounts payable	40,258	1,527	41,785	-
Accrued payroll and other liabilities	11,719	32,395	44,114	6
Noncurrent liabilities				
Due within one year	-	119,000	119,000	-
Due in more than one year	-	2,611,000	2,611,000	-
Total Liabilities	\$ 51,977	\$ 2,763,922	\$ 2,815,899	\$ 6
NET ASSETS				
Invested in capital assets				
Net of related debt	\$ 1,028,344	\$ 1,468,848	\$ 2,497,192	\$ -
Restricted for				
Debt service	-	677,216	677,216	-
Unrestricted	729,701	255,152	984,853	347,660
Total Net Assets	\$ 1,758,045	\$ 2,401,216	\$ 4,159,261	\$ 347,660

See accompanying notes to financial statements

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
General government	\$ 193,072	\$ 80	\$ -	\$ -
Public safety	305,551	67,012	4,234	-
Public works	123,649	-	-	-
Health and welfare	16,799	2,492	-	-
Depreciation-unallocated	2,792	-	-	-
Total Governmental Activities	641,863	69,584	4,234	-
Business - Type Activities				
Water and Sewer	454,739	474,313	-	-
Total Primary Government	1,096,602	543,897	4,234	-
Component units:				
Downtown Development Authority	56,752	-	-	-
Total Component Units	\$ 56,752	\$ -	\$ -	\$ -

General Revenues

Property Taxes
State-Shared Revenues
Licenses and Permits
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Investment Earnings
Miscellaneous

Total General Revenues - Transfers

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business -Type Activities	Total	Component Units
\$ (192,992)	\$ -	\$ (192,992)	\$ -
(234,305)	-	(234,305)	-
(123,649)	-	(123,649)	-
(14,307)	-	(14,307)	-
(2,792)	-	(2,792)	-
(568,045)	-	(568,045)	-
-	19,574	19,574	-
(568,045)	19,574	(548,471)	-
-	-	-	(56,752)
\$ -	\$ -	\$ -	\$ (56,752)
247,566	-	247,566	82,868
257,602	-	257,602	-
11,671	-	11,671	-
7,176	-	7,176	-
26,610	30,960	57,570	3,118
8,059	1,255	9,314	-
558,684	32,215	590,899	85,986
(9,361)	51,789	42,428	29,234
1,767,406	2,349,427	4,116,833	318,426
\$ 1,758,045	\$ 2,401,216	\$ 4,159,261	\$ 347,660

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008**

	General Fund	Major Street Fund	Local Street Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 137,671	\$ 71,363	\$ 2,786	\$ 211,820
Certificates of deposit	-	209,519	180,664	390,183
Receivables (Net)	18,037	7,632	18,646	44,315
Due from other funds	678	-	1,830	2,508
Prepaid expenses	10,171	-	-	10,171
Restricted cash/certificates of deposit	52,981	-	-	52,981
Total Assets	\$ 219,538	\$ 288,514	\$ 203,926	\$ 711,978
LIABILITIES				
Accounts payable	\$ 39,248	\$ 247	\$ -	\$ 39,495
Other accrued liabilities	11,226	138	158	11,522
Due to other funds	-	1,830	-	1,830
Due to other governments	30,836	-	-	30,836
Total Liabilities	\$ 81,310	\$ 2,215	\$ 158	\$ 83,683
FUND BALANCES				
Reserved for				
Restricted assets	\$ 52,981	\$ 1,830	\$ -	\$ 54,811
Prepaid expenses	10,171	-	-	10,171
Unrestricted	75,076	284,469	203,768	563,313
Total Fund Balances	\$ 138,228	\$ 286,299	\$ 203,768	628,295

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

862,717

Internal service funds are used to charge the costs of certain activities, such as motor vehicle pool maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

267,033

Net Assets of Governmental Activities

\$ 1,758,045

See accompanying notes to financial statements

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008**

	General Fund	Major Street Fund	Local Street Fund	Total Governmental Funds
Revenues				
Taxes and Penalties	\$ 223,844	\$ -	\$ 23,722	\$ 247,566
Licenses and Permits	8,336	-	-	8,336
State Grants	153,506	72,681	31,415	257,602
Operating contributions	11,410	-	-	11,410
Charges for Services	69,584	-	-	69,584
Fines and Forfeits	3,335	-	-	3,335
Interest and Rentals	2,908	11,033	8,647	22,588
Other Revenue	7,298	761	-	8,059
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	480,221	84,475	63,784	628,480
Expenditures				
Current				
General Government	187,942	2,992	2,992	193,926
Public Safety	273,888	-	-	273,888
Public Works	-	49,115	47,099	96,214
Health and Welfare	16,799	-	-	16,799
Capital Outlay	-	-	84,342	84,342
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	478,629	52,107	134,433	665,169
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of Revenues Over Expenditures	1,592	32,368	(70,649)	(36,689)
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)				
Transfers in	-	-	18,170	18,170
Transfers (Out)	-	(18,170)	-	(18,170)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	(18,170)	18,170	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	1,592	14,198	(52,479)	(36,689)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - April 1, 2007	136,636	272,101	256,247	664,984
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - March 31, 2008	<u>\$ 138,228</u>	<u>\$ 286,299</u>	<u>\$ 203,768</u>	<u>\$ 628,295</u>

See accompanying notes to financial statements

Net Change in Fund Balances - Total Governmental Funds \$ (36,689)

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.

Capital outlay	84,342	
Depreciation expense	<u>(63,640)</u>	20,702

Internal service funds are used to charge the costs of certain activities such as the motor vehicle pool to individual funds. The net revenue of the internal service funds is reported with governmental activities (net of income allocated to business - type activities of \$870).

Interest income allocated as governmental activities	4,022	
Income allocated as governmental activities	<u>2,604</u>	6,626

Change in Net Assets of Governmental Activities \$ (9,361)

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2008**

	Business - Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Totals	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 62,114	\$ 164,679	\$ 226,793	\$ 18,923
Certificates of deposit	-	-	-	78,438
Receivables, net	30,200	37,254	67,454	-
Due from other funds	41	-	41	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	92,355	201,933	294,288	97,361
Noncurrent assets				
Restricted cash and certificates of deposit	390,445	286,771	677,216	-
Capital assets	2,403,145	1,795,703	4,198,848	165,627
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent assets	2,793,590	2,082,474	4,876,064	165,627
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,885,945</u>	<u>\$ 2,284,407</u>	<u>\$ 5,170,352</u>	<u>\$ 262,988</u>
LIABILITIES				
Current liabilities				
Accounts payable	\$ 718	\$ 809	\$ 1,527	\$ 763
Accrued interest payable	-	31,370	31,370	-
Accrued payroll and other liabilities	538	487	1,025	197
Due to other funds	84	125	209	-
Current portion of noncurrent liabilities	95,000	24,000	119,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	96,340	56,791	153,131	960
Noncurrent liabilities				
Bonds, notes and loans payable	1,050,000	1,561,000	2,611,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 1,146,340</u>	<u>\$ 1,617,791</u>	<u>\$ 2,764,131</u>	<u>\$ 960</u>

See accompanying notes to financial statements

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

STATEMENT OF NET ASSETS (CONTINUED)
 PROPRIETARY FUNDS
 MARCH 31, 2008

	Business - Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Totals	
NET ASSETS				
Invested in capital assets -				
Net of related debt	\$ 1,258,145	\$ 210,703	\$ 1,468,848	\$ 165,627
Restricted for				
Debt service	390,445	286,771	677,216	-
Unrestricted	91,015	169,142	260,157	-
Total Net Assets	\$ 1,739,605	\$ 666,616	2,406,221	\$ 165,627

Reconciliation to the statement of net assets

Internal service funds are used to charge the costs of certain activities, such as the motor vehicle pool to individual funds. The assets and liabilities of certain internal service funds are included with business-type activities in the statement of net assets.

	(5,005)
Net assets of business-type activities	<u>\$ 2,401,216</u>

See accompanying notes to financial statements

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2008**

	Business - Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Totals	
Operating revenues				
Sewage disposal services	\$ 221,862	\$ -	\$ 221,862	\$ -
Water sales	-	234,133	234,133	-
Equipment rentals	-	-	-	55,544
Installation and other charges	-	19,573	19,573	-
Total operating revenues	221,862	253,706	475,568	55,544
Operating expenses				
Personnel services	40,144	41,342	81,486	9,683
Contractual services	6,971	15,348	22,319	1,843
Utilities	4,652	10,898	15,550	4,397
Repairs and maintenance	27,485	24,204	51,689	7,976
Other supplies and expenses	14,440	19,406	33,846	11,161
Depreciation	79,215	69,327	148,542	17,010
Total operating expenses	172,907	180,525	353,432	52,070
Operating income (loss)	48,955	73,181	122,136	3,474
Nonoperating revenues (expenses)				
Interest revenue	17,058	13,902	30,960	4,022
Interest expense	(26,775)	(75,402)	(102,177)	-
Total nonoperating revenues (expenses)	(9,717)	(61,500)	(71,217)	4,022
Change in net assets	39,238	11,681	50,919	7,496
Total net assets - beginning of year	1,700,367	654,935	2,355,302	254,532
Total net assets - end of year	\$ 1,739,605	\$ 666,616	\$ 2,406,221	\$ 262,028

See accompanying notes to financial statements

Reconciliation to Government-wide Statement of Activities:

Amounts reported for business-type activities in the government-wide
Statement of Activities are different because:

Net change in net assets - total business-type funds	\$ 50,919
Net effect of the current fiscal year elimination of internal service fund activities.	<u>870</u>
Change in net assets of business-type activities	<u>\$ 51,789</u>

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

	Business - Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 213,399	\$ 240,663	\$ 454,062	\$ -
Receipts for interfund services	-	-	-	55,544
Payments for interfund services	(6,888)	(7,022)	(13,910)	-
Payments to suppliers	(49,794)	(67,972)	(117,766)	(26,470)
Payments to employees	(41,018)	(41,337)	(82,355)	(9,558)
Net cash provided (used) by operating activities	115,699	124,332	240,031	19,516
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating subsidies and transfers to other funds	43	125	168	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
(Increase)decrease restricted assets	(12,597)	(8,497)	(21,094)	-
Purchases of capital assets	(18,028)	-	(18,028)	(17,524)
Principal and interest paid on capital debt	(116,775)	(99,857)	(216,632)	-
Net cash provided (used) by capital and related financing activities	(147,400)	(108,354)	(255,754)	(17,524)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	-	(3,753)
Interest and dividends	14,043	10,921	24,964	4,022
Net cash provided by investing activities	14,043	10,921	24,964	269
Net increase (decrease) in cash and cash equivalents	(17,615)	27,024	9,409	2,261
Balances - beginning of year	79,729	137,655	217,384	16,662
Balances - end of year	\$ 62,114	\$ 164,679	\$ 226,793	\$ 18,923
See accompanying notes to financial statements				

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED MARCH 31, 2008

	Business - Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund
	Sewer Fund	Water Fund	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 48,955	\$ 73,181	\$ 122,136	\$ 3,474
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Depreciation expense	79,215	69,327	148,542	17,010
(Increase) decrease in assets				
Receivables	(8,463)	(13,043)	(21,506)	-
Increase (decrease) in liabilities				
Accounts payables	(3,134)	(5,138)	(8,272)	(1,092)
Accrued expenses	(874)	5	(869)	124
Net cash provided by operating activities	<u>\$ 115,699</u>	<u>\$ 124,332</u>	<u>\$ 240,031</u>	<u>\$ 19,516</u>

See accompanying notes to financial statements

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

STATEMENT OF NET ASSETS
COMPONENT UNIT
MARCH 31, 2008

	Downtown Development Authority
ASSETS	
Current assets	
Cash and cash equivalents	\$ 131,270
Receivables (net)	100,000
Internal balances	<u>154</u>
Total current assets	231,424
Noncurrent assets	
Capital assets - net	<u>116,752</u>
Total noncurrent assets	<u>116,752</u>
Total Assets	<u><u>\$ 348,176</u></u>
LIABILITIES	
Due to other funds	\$ 510
Accrued payroll and other liabilities	<u>94</u>
Total Liabilities	<u><u>\$ 604</u></u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 116,752
Unrestricted	<u>230,908</u>
Total Net Assets	<u><u>\$ 347,660</u></u>

See accompanying notes to financial statements

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES
COMPONENT UNIT
FOR THE YEAR ENDED MARCH 31, 2008

Functions/Programs		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Downtown Development Authority				
General government	\$ 2,691	\$ -	\$ -	\$ -
Community and economic development	54,061	-	-	-
Total Downtown Development Authority	\$ 56,752	\$ -	\$ -	\$ -

General Revenues

Property taxes

Unrestricted interest and investment earnings

Total general revenues

Change in Net Assets

Net Assets - Beginning of Year

Net Assets - End of Year

See accompanying notes to financial statements

Net (Expense)
Revenue and
Changes in
Net Assets

Downtown
Development
Authority

\$ (2,691)

(54,061)

(56,752)

82,868

3,118

85,986

29,234

318,426

\$ 347,660

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Centreville conform to the accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Centreville:

A. Reporting Entity

An elected six-member council (Board) governs the Village of Centreville. The accompanying financial statements present the government and its component unit, for which the government is considered to be financially accountable.

The Downtown Development Authority (DDA), considered to be a discretely presented component unit, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The Downtown Development Authority's purpose is to promote and facilitate capital improvement projects for the downtown district.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. There are no nonmajor governmental funds to report on.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as they are needed.

One of the revenue types for which receivables are recorded on the governmental fund balance sheet is property taxes. Property taxes are levied on July 1 on the taxable value of property as of the preceding December 31. Taxes are payable between July 1st and September 15th. After September 15th they are considered delinquent and penalties and interest may be assessed by the Village. It is the Village of Centreville's policy to recognize revenue from the current tax levy in the year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 taxable valuation of the Village of Centreville totaled \$23,680,432 on which ad valorem taxes levied at 12.2461 mills generated \$217,264 for the Village of Centreville's operating purposes.

These amounts are recognized in the respective General and Special Revenue Fund financial statements as taxes receivable – current or as property tax revenue.

The government reports the following major governmental funds:

The government's primary operating fund, the general fund, accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets, whereas, the Local Street Fund accounts for resources restricted for use on local streets.

There are no nonmajor governmental funds.

The government reports the following major proprietary funds:

Water Fund - The Water Fund accounts for revenues generated from charges for distribution of water to the residential and commercial users of the Village.

Sewer Fund - The Sewer Fund accounts for revenues generated from charges for sanitary sewer services provided to the residential and commercial users of the Village.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the government reports the following fund type:

Internal Service Fund The Internal Service Fund accounts for major machinery and equipment purchases and maintenance. The equipment and machinery is rented to other departments of the government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Village has elected to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer function and various other functions of the Village. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. Also, both the water fund and sewer fund recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank deposits and investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statement as "internal balances."

No allowance for uncollectible accounts has been provided. Management has evaluated the accounts and believes they are all collectible.

Property taxes are levied on July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are payable between July 1st and September 15th. After September 15th they are considered delinquent at which time penalties and interest are assessed.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items- Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and fund financial statements.

Restricted Assets- Certain monies have been set-aside for specific purposes and are shown as restricted cash on the statement of assets and on the governmental fund statement. The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets.

Capital Assets- Capital assets, which include property, plant, equipment, infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year \$0 interest expense was capitalized as part of the cost of assets under construction.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	20 – 50 years
Land improvements	20 years
Water and sewer lines	30 - 50 years
Fire hydrants	30 years
Water and sewer equipment	10 – 15 years
Roads	15 years
Sidewalks	30 years
Bridges	50 years
Vehicles	10 years
Office equipment	10 years
Computer equipment	5 years

GASB 34 requires infrastructure acquired, donated, constructed or substantially rehabilitated since fiscal years ending after June 30, 1980 be inventoried and capitalized. Capitalized infrastructure as required by GASB 34 is reported in the statement of net assets.

Long-Term Obligations- In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Vacation and Sick Leave)-It is the Village of Centreville's policy to permit employees to accumulate unused sick days from year to year up to 240 hours. No benefit is paid upon termination of employment; therefore, due to the unpredictable use of this benefit no accrual has been established. It is the Village's policy to not permit employees to accumulate vacation days from year to year.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserves exist for prepaid expenditures as those items will be expended in subsequent years. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. Public hearings are held to obtain taxpayer comments before the Village Council approves the budgets. The Council must approve any revisions of the budgets.

The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the fund. The village manager is empowered to transfer line-item budget amounts within appropriation centers.

Budgets as presented for the governmental funds are prepared on the modified accrual basis consistent with generally accepted accounting principles.

In the Required Supplemental Information section of the financial statements, the Village's actual expenditures and budgeted expenditures is shown for the governmental funds.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the District incurred expenditures in excess of the amounts appropriated in the following budgeted line items:

<u>Budget item</u>	<u>Budget Appropriation</u>	<u>Actual Expenditure</u>	<u>Excess Expenditure</u>
General Fund			
Village Fire Department	28,638	30,538	1,900
<u>Major Street</u>			
Transfers of state revenues to Local Street	18,000	18,170	170

NOTE 3 DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes local government units to make deposits and invest in the following:

- In certificates of deposit, savings accounts, deposit accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan.
- In bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States.
- In United States government or federal agency obligation repurchase agreements.
- In banker's acceptance of United States banks.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

- In commercial paper rated within the two highest classifications that mature not more than 270 days after the date of purchase.
- In obligations of the State of Michigan or its political subdivisions that are rated as investment grade.
- In mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Village of Centreville Board has designated three banks for the deposit of the Village's funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bank depository accounts and certificates of deposit, but not the remainder of State statutory authority as listed above. The Village of Centreville's deposits and investment policy are in accordance with statutory authority.

The Village has adopted Governmental Accounting Standard Board Statement (GASBS) No.40 – Deposit and Investment Risk Disclosures. GASB No. 40 defines deposits as monies in banks, savings and loan associations, and credit unions. The Village holds the following types of deposits:

- a. Checking Accounts and Demand Deposits.
- b. Savings Accounts and Certificates of Deposit (CDs).

GASB No. 40 defines investments as, a security or other assets acquired primarily for the purpose of obtaining income or profit. These are not monies held with financial institutions and insured by Federal Depository Insurance. No Village monies met this criteria during the fiscal year ended March 31, 2008.

At fiscal year-end, the Village of Centreville's basic financial statements report deposits in the following categories:

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit
Demand deposits	\$175,191	\$212,078	\$ 387,269	\$ 131,270
Savings and CDs	577,154	691,931	1,269,085	100,000
Total	<u>\$752,345</u>	<u>\$904,009</u>	<u>\$1,656,354</u>	<u>\$231,270</u>

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodian credit risk. As of March 31, 2008, the government's bank balance reflects \$1,623,465 of deposits with \$1,223,465 exposed to custodial credit risk because it was uninsured and uncollateralized. The bank's balance for checking of \$409,932 does not reflect \$26,168 of outstanding checks or \$18,835 of deposits in transit at March 31, 2008. The component unit's bank balance deposits total \$227,387 of which \$200,000 was covered by federal depository insurance and \$-0- was collateralized. There was \$3,883 of outstanding deposits at March 31, 2008.

Interest rate risk-Investments. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Village holds no investments as defined above but rather invests in certificates of deposit (CD's). The Village presently is invested in \$1,007,604 of CD's with maturity dates of less than 1 year. Currently the Village is investing in short-term holdings thus reducing the interest rate risk.

Credit Risk-Investments. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Village's demand deposits are all with local banks.

Concentration of Credit Risk. The Village places no limit on the amount the Village may invest in any one of the three approved banks.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 4 CAPITAL ASSETS

The following summarizes the changes in capital assets for the fiscal year ended March 31, 2008:

Governmental Activities

	Balance April 1, 2007	Increases	Decreases	Balance March 31, 2008
Capital assets not being depreciated:				
Land	\$ 136,871	\$ -	\$ -	\$ 136,871
Capital assets being depreciated:				
Land				
Improvements	\$ 24,809	\$ -	\$ -	\$ 24,809
Buildings	45,389	-	-	45,389
Buildings-Internal				
Service Pool	100,221	4,920	-	105,141
Infrastructure	342,551	84,342	-	426,893
Equipment -Internal				
Service Pool	82,661	12,603	-	95,264
Equipment	40,423	-	-	40,423
Office equipment	17,726	-	-	17,726
Vehicles-Internal				
Service Pool	148,366	-	-	148,366
Vehicles	<u>635,292</u>	<u>-</u>	<u>16,178</u>	<u>619,114</u>
Subtotal	<u>1,437,438</u>	<u>101,865</u>	<u>16,178</u>	<u>1,523,125</u>
Less Accumulated depreciation for:				
Land				
Improvements	5,685	1,241	-	6,926
Buildings	28,456	908	-	29,364
Buildings-Internal				
Service Pool	18,672	2,250	-	20,922
Infrastructure	64,948	29,185	-	94,133
Equipment-Internal				
Service Pool	63,303	5,152	-	68,455
Equipment	37,063	709	-	37,772
Office equipment	15,476	643	-	16,119
Vehicles-Internal				
Service Pool	84,159	9,608	-	93,797
Vehicles	<u>249,418</u>	<u>30,954</u>	<u>16,178</u>	<u>264,194</u>
Subtotal	<u>567,180</u>	<u>80,650</u>	<u>16,178</u>	<u>631,652</u>
Net capital assets being depreciated:	<u>870,258</u>	<u>21,215</u>	<u>-</u>	<u>891,473</u>
Governmental Activities				
Total Capital Assets-				
Net of depreciation	<u>\$1,007,129</u>	<u>\$ 21,215</u>	<u>\$ -</u>	<u>\$1,028,344</u>

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 4 CAPITAL ASSETS (CONTINUED)

Business-type Activities

	Balance April 1, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance March 31, <u>2008</u>
Capital assets not being depreciated:				
Land and land improvements	\$ 154,526	\$ -	\$ -	\$ 154,526
Capital assets being depreciated:				
Buildings	4,522	-	-	4,522
Sewage system	3,847,117	18,028	-	3,865,145
Wells, mains, equipment	2,916,356	-	-	2,916,356
Office equipment	<u>2,857</u>	<u>-</u>	<u>-</u>	<u>2,857</u>
Subtotal	<u>6,770,852</u>	<u>18,028</u>	<u>\$ -</u>	<u>6,788,880</u>
Less Accumulated Depreciation for:				
Buildings	4,522	-	-	4,522
Sewage system	1,533,726	79,215	-	1,612,941
Wells, mains, equipment	1,054,911	69,327	-	1,124,238
Office equipment	<u>2,857</u>	<u>-</u>	<u>-</u>	<u>2,857</u>
Subtotal	<u>2,596,016</u>	<u>148,542</u>	<u>-</u>	<u>2,744,558</u>
Net Capital Assets being depreciated	<u>4,174,836</u>	<u>(130,514)</u>	<u>-</u>	<u>4,044,322</u>
Total Business-Type Capital Assets – Net of Depreciation	<u>\$4,329,362</u>	<u>\$(130,514)</u>	<u>\$ -</u>	<u>\$4,198,848</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities

Public Safety	\$ 31,663
Public Works	29,185
Unallocated	2,792
Internal service	<u>17,010</u>
Total Governmental Activities	<u>\$ 80,650</u>

Business-Type Activities

Water	\$ 69,327
Sewer	<u>79,215</u>
Total Business-Type Activities	<u>\$148,542</u>

Construction Commitments – In March 2008, the Village awarded a bid to Peerless Midwest for replacement of well #2 for \$44,375 and a bid to Brussee/Brady for \$37,400 for well house expansion.
Downtown Development Authority -The authority has no commitments or projects in process at year-end.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due To	Due From	
General Fund	Sewer Fund	\$ 84
General Fund	Water Fund	84
Local Street Fund	Major Street Fund	1,830
Sewer Fund	Water Fund	41
		.
Due To	Due From	
Primary Government -	Component unit-	
General Fund	Downtown Development Authority	\$ 510

The General Fund has a receivable due from the Downtown Development Authority (DDA) for expenditures paid on behalf of the DDA.

Interfund Transfers

The Major Street fund transferred \$18,170 to the Local Street fund which represents the allowable transfer of 25% of State revenue sharing funds.

NOTE 6 NOTE PAYABLE

There were no short-term borrowings during the fiscal year ended March 31, 2008.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 7 LONG-TERM DEBT

In 1998 the Village issued revenue bonds to provide for the acquisition and construction of major capital facilities. These bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Business-Type Activities				
Revenue bonds through the Michigan Municipal Bond Authority				
1998 Water Supply System \$1,900,000 bond; 4.75% interest; maturing April 2038.	\$1,609,000	\$ (24,000)	\$1,585,000	\$ 24,000
1998 Sewage Treatment System; \$1,900,540 bonds; 2.25% interest; maturing October 2018	<u>1,235,000</u>	<u>(90,000)</u>	<u>1,145,000</u>	<u>95,000</u>
Total Business-Type Activities	<u>\$2,844,000</u>	<u>\$(114,000)</u>	<u>\$2,730,000</u>	<u>\$119,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End March 31</u>	<u>Business-Type</u>	
	<u>Principal</u>	<u>Interest</u>
2009	119,000	99,411
2010	120,000	96,113
2011	122,000	92,738
2012	128,000	89,238
2013-2017	691,000	389,581
2018-2022	432,000	295,543
2023-2027	255,000	236,336
2028-2032	322,000	168,198
2033-2037	406,000	82,080
2038-2039	<u>135,000</u>	<u>5,201</u>
Total debt service	<u>\$2,730,000</u>	<u>\$1,554,439</u>

NOTE 8 RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for workers' compensation and liability claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. At fiscal year end there are no outstanding claims.

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008**

NOTE 9 DEFINED CONTRIBUTION PLAN

The Village maintains a defined contribution plan for substantially all full-time employees. The Village contributes 4% of eligible employees' compensation. For fiscal year ended March 31, 2008, the Village contributed \$6,865 to the plan.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended budget
Resources (inflows)				
Real and personal property taxes	\$ 259,856	\$ 259,856	\$ 223,844	\$ (36,012)
State grants	152,000	152,000	153,506	1,506
Operating contributions	14,400	14,400	11,410	(2,990)
Licenses and permits	10,260	10,260	8,336	(1,924)
Fines and forfeitures	6,000	6,000	3,335	(2,665)
Charges for services	85,354	79,995	69,584	(10,411)
Interest and rentals	4,000	4,000	2,908	(1,092)
Miscellaneous revenues	5,300	5,300	7,298	1,998
Amounts available for appropriations	537,170	531,811	480,221	(51,590)
Charges to appropriations (outflows)				
General government				
Council	5,426	5,426	5,426	-
Village president	1,292	1,292	1,292	-
Village manager	39,636	39,636	38,319	1,317
Clerk	1,982	1,982	1,617	365
Treasurer	4,445	4,445	4,334	111
Hall & grounds	186,035	186,635	135,741	50,894
Community planning and development	1,854	1,854	1,213	641
Public safety				
Village property	26,300	26,300	24,886	1,414
Law enforcement	166,904	166,904	155,751	11,153
Crossing guards	2,100	2,100	1,694	406
Fire protection	110,960	100,073	91,557	8,516
Health and Fire Rescue	21,018	21,018	16,799	4,219
Total charges to appropriations	567,952	557,665	478,629	79,036
Excess (deficiency) of resources over charges to appropriations	(30,782)	(25,854)	1,592	27,446
Beginning of Year Fund Balance	121,661	101,669	136,636	-
End of Year Fund Balance	\$ 90,879	\$ 75,815	\$ 138,228	\$ 27,446

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

**BUDGETARY COMPARISON SCHEDULE
MAJOR STREET FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended budget
Resources (inflows)				
State shared revenue	\$ 72,000	\$ 72,000	\$ 72,681	\$ 681
Interest income	8,000	8,000	11,033	3,033
Reimbursements	-	-	761	761
Amounts available for appropriations	<u>80,000</u>	<u>80,000</u>	<u>84,475</u>	<u>4,475</u>
Charges to appropriations (outflows)				
General government				
Village manager	3,100	3,100	2,992	108
Public works				
Street maintenance	28,919	48,361	41,386	6,975
Winter maintenance	5,437	12,537	7,729	4,808
Transfers to other funds	<u>18,000</u>	<u>18,000</u>	<u>18,170</u>	<u>(170)</u>
Total charges to appropriations	<u>55,456</u>	<u>81,998</u>	<u>70,277</u>	<u>11,721</u>
Excess (deficiency) of resources over charges to appropriations	24,544	(1,998)	14,198	16,196
Beginning of Year Fund Balance	<u>272,101</u>	<u>272,101</u>	<u>272,101</u>	<u>-</u>
End of Year Fund Balance	<u>\$ 296,645</u>	<u>\$ 270,103</u>	<u>\$ 286,299</u>	<u>\$ 16,196</u>

VILLAGE OF CENTREVILLE, ST. JOSEPH COUNTY, MICHIGAN

**BUDGETARY COMPARISON SCHEDULE
LOCAL STREET FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance with Amended budget
Resources (inflows)				
Millage/local roads	\$ 16,000	\$ 16,000	\$ 23,722	\$ 7,722
Interest/penalties on taxes	-	-	-	-
State shared revenue	32,000	32,000	31,415	(585)
Interest income	8,000	8,000	8,648	648
Miscellaneous revenues	-	-	-	-
Transfers in from other funds	18,000	18,000	18,170	170
Amounts available for appropriations	74,000	74,000	81,955	7,955
Charges to appropriations (outflows)				
General government				
Village manager	3,100	3,100	2,992	108
Public works				
Street maintenance	82,766	128,148	123,903	4,245
Winter maintenance	5,274	11,674	7,538	4,136
Total charges to appropriations	91,140	142,922	134,433	8,489
Excess (deficiency) of resources over charges to appropriations	(17,140)	(68,922)	(52,478)	16,444
Beginning of Year Fund Balance	256,247	256,247	256,247	
End of Year Fund Balance	\$ 239,107	\$ 187,325	\$ 203,769	\$ 16,444



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Members of the Village Board and the Village Manager
Village of Centreville, Michigan

Norman & Paulsen, P.C.

Certified Public Accountants

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Three Rivers, MI 49093
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We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Village of Centreville as of and for the year ended March 31, 2008, which collectively comprise the Village of Centreville's basic financial statements and have issued our report thereon dated August 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the Village of Centreville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We noted one significant deficiency that is discussed below.

Segregation of Duties

Segregation of duties increases the likelihood that intentional or unintentional error will not go undetected in the normal course of employees performing their duties. Proper segregation of duties between persons who create utility billings, collect cash for those billings and prepare bank deposits does not always exist.

We understand that the size of the staff needed for proper segregation of duties may be impractical and unaffordable by a village this size.

This communication is intended solely for the information and use of Management, the Village Council, and others within this organization, and is not intended to be and should not be used by anyone other than these specified parties.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Donald L. Paulsen, CPA
Patrick J. Monahan, CPA
Bruce S. A. Gosling, CPA
Michael R. Wilson, CPA
Rick L. Strawser, CPA
Jerrel T. Norman (1941-1982)

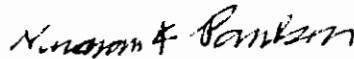
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Village of Centreville, in a separate letter dated August 1, 2008.

This report is intended solely for the information and use of management, the Village Council, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



Norman & Paulsen, P.C.

Three Rivers, Michigan

August 1, 2008